



中國基建港口有限公司\*  
CIG Yangtze Ports PLC

(incorporated in the Cayman Islands with limited liability Stock Code: 8233)

1H 2010



INTERIM REPORT  
2010

UTILIZE THE GOLDEN WATERWAY ALONG  
YANGTZE RIVER TO DEVELOP  
THE BIGGEST HUB-PORT AND LOGISTICS  
BASE IN CENTRAL CHINA

\* For identification only

## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid reports in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.*

*This report, for which the directors (the “Directors”) of CIG Yangtze Ports PLC (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange of the Hong Kong Limited (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this report is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this report misleading; and (iii) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

## CONTENTS

	<i>Page No.</i>
<b>Highlights</b>	2
<b>Management Commentary</b>	3-7
<b>Forward Looking Observations</b>	7
<b>The Financial Statements</b>	8-14
<b>Other Information</b>	15-26

## HIGHLIGHTS

### For the six months ended 30 June 2010

Comparing to corresponding six months in 2009:

- Container throughput increased by 5% to 119,244 TEUs
- Market share of container throughput in Wuhan decreased from 44% to 40%
- Revenue decreased by 4% to HK\$26.76 million
- Gross profit decreased by 13% to HK\$11.07 million.
- EBITDA decreased by 36% to HK\$3.98 million
- Net loss attributable to shareholders increased from HK\$4.89 million to HK\$7.22 million

### For the three months ended 30 June 2010

Comparing to corresponding three months in 2009:

- Container throughput decreased by 15% to 60,879 TEUs
- Market share of container throughput in Wuhan decreased from 48% to 38%
- Revenue maintained at similar level at HK\$15.80 million
- Gross profit decreased by 8% to HK\$6.25 million
- EBITDA decreased by 29% to HK\$2.96 million
- Net loss attributable to shareholders increased from HK\$1.28 million to HK\$2.79 million

Against recent signs of recovery of the Chinese economy in the midst of the worldwide economic downturn, management is cautiously optimistic that the overall results of the Group in the second half of 2010 will show improvement.

## MANAGEMENT COMMENTARY

### HIGHLIGHTS

	Six months ended 30 June		Three months ended 30 June	
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Revenue	26,758	27,890	15,799	15,901
Cost of services rendered	(15,690)	(15,170)	(9,551)	(9,130)
Gross profit	11,068	12,720	6,248	6,771
Other income	458	264	114	170
General and administrative and other operating expenses	(7,547)	(6,750)	(3,402)	(2,772)
Operating Profit/EBITDA	3,979	6,234	2,960	4,169
Finance costs	(6,449)	(6,018)	(3,257)	(2,934)
EBTDA	(2,470)	216	(297)	1,235
Depreciation and amortisation	(5,426)	(5,464)	(2,708)	(2,584)
Loss for the period	(7,896)	(5,248)	(3,005)	(1,349)
Minority interests	675	356	214	71
Loss attributable to Shareholders	(7,221)	(4,892)	(2,791)	(1,278)

## REVIEW OF OPERATION

The Group's principal activities are investment in and the development, operation and management of container ports which are conducted through the WIT Port, which is 85% owned by the Group.

### Container throughput

Throughput achieved for the six months ended 30 June 2010 was 119,244 TEUs, an increase of 5,370 TEUs or 5% over that of 113,874 TEUs for the same period in 2009. Of the 119,244 TEUs handled, 29,421 TEUs or 25% (2009: 29,076 TEUs or 26%) and 89,823 TEUs or 75% (2009: 84,798 TEUs or 74%) were attributed to Wuhan sourced and transshipment cargos respectively. Throughput for the three months ended 30 June 2010 was 60,879 TEUs, a decrease of 10,502 TEUs or 15% over that of 71,381 TEUs for the same period in 2009. Of the 60,879 TEUs handed, 17,719 TEUs or 29% (2009: 15,636 TEUs or 22%) and 43,160 TEUs or 71% (2009: 55,745 TEUs or 78%) were attributable to Wuhan sourced and transshipment cargos respectively.

Against the background of high road transportation costs which hindered local containers discharge at the WIT Port, WIT was successful in encouraging cost conscious shipping companies and cargo owners to divert their cargos from the competitor port to its port through the establishment of its own trucking fleet and the provision of road transportation services at cost to the customers discharging their cargos at the WIT Port. This has resulted in the Group achieving a marginal increase in Wuhan sourced containers. The decrease in transshipment container throughput was mainly due to two reasons: (i) the corresponding period of 2009 saw historical high level of throughputs being handled by the WIT Port which had not recurred since; and (ii) the drop in containers bound for direct sailing to Yangshan Port in Shanghai (江海直達) calling at the WIT Port as shipping companies have both reduced the number of their regular sailings and shifted some sailings to the competitor port, the Hanyang Port.

### General and bulk cargo

Throughput of general and bulk cargo for the six months and three months ended 30 June 2010 was 29,966 tons and 21,839 tons, a decrease of 71% and 50% over the same period of 2009 respectively as export bound cargo continued to drop.



## Agency & Logistics

The agency business and the integrated logistics business continue to make important contributions to the revenue of the Group during the first six months of 2010. Revenue from these sources accounted for 49% and 54% of turnover for the six months and three months ended 30 June 2010 respectively. The increase in agency service revenue is as a result of new agency agreements signed while the decrease in integrated logistics services revenue reflects the significant drop in quantity of fertilizers imported requiring break-bulk and storage services during the six months ended 30 June 2010.

## OPERATING RESULTS

### Revenue

	Six months ended 30 June					
	2010		2009		Increase/(Decrease)	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Container handling service	<b>12,947</b>	<b>48</b>	13,709	49	(762)	(6)
General and bulk cargo handling service	<b>722</b>	<b>3</b>	1,823	7	(1,101)	(60)
Agency service	<b>8,891</b>	<b>33</b>	6,924	25	1,967	28
Integrated logistics services	<b>4,198</b>	<b>16</b>	5,434	19	(1,236)	(23)
	<b>26,758</b>	<b>100</b>	27,890	100	(1,132)	

For the six months ended 30 June 2010, the Group's revenue amounted to HK\$26.76 million, representing a decrease of HK\$1.13 million or 4% over that of HK\$27.89 million for the corresponding period of 2009. For the three months ended 30 June 2010, the Group's revenue amounted to HK\$15.80 million, representing a decrease of HK\$0.10 million over that of HK\$15.90 million for the corresponding period of 2009. The decrease in revenue was mainly attributable to the drop in revenue from the container handling service, general and bulk cargo handling service and integrated logistics service segments, which was marginally offset by the increase in revenue from the agency service segment. The drop in container handling service income despite higher container throughput was a result of a higher mix of transshipment and domestic containers handled which commanded lower tariffs while the reduction in export

bound cargos and less fertilizers being imported for break-bulk and storage had respectively resulted in the drop in general and bulk cargo handling service and integrated logistics services income. The increase in agency service income was attributable to the signing of new agency agreements.

In respect of revenue contributions for the six months ended 30 June 2010, container handling service accounted for 48% (2009: 49%), general and bulk cargo handling service accounted for 3% (2009: 7%), agency service accounted for 33% (2009: 25%) and integrated logistics services accounted for 16% (2009: 19%) of revenue for the six months ended 30 June 2010.

### Container Throughput

	Six months ended 30 June					
	2010		2009		Increase	
	<i>TEUs</i>	%	<i>TEUs</i>	%	<i>TEUs</i>	%
Wuhan sourced	<b>29,421</b>	<b>25</b>	29,076	26	345	1
Transshipment	<b>89,823</b>	<b>75</b>	84,798	74	5,025	6
	<b>119,244</b>	<b>100</b>	113,874	100	5,370	

The volume of throughput achieved for the six months ended 30 June 2010 was 119,244 TEUs, an increase of 5,370 TEUs or 5% over that of 113,874 TEUs for the same period in 2009. The volume of throughput achieved for the three months ended 30 June 2010 was 60,879 TEUs, a decrease of 10,502 TEUs or 15% over that of 71,381 TEUs for the same period in 2009.

In terms of market share, for the six months ended 30 June 2010, the market share of the Group decreased from 44% to 40% with a total of 301,119 TEUs (2009: 256,237 TEUs) handled for the whole of Wuhan.

### Gross Profit and Gross Profit Margin

Gross profit for the six months ended 30 June 2010 was HK\$11.07 million, a reduction of HK\$1.65 million on the corresponding period of 2009. Gross profit for the three months ended 30 June 2010 was HK\$6.25 million, a reduction of HK\$0.52 million on the corresponding period of 2009. Gross profit margins for the six months and three months ended 30 June 2010 are 43% and 40% of revenue respectively compared with a gross profit margin of 46% and 43% in the respective corresponding periods in 2009. These mainly reflected the drop in revenue and higher operating costs.



## Loss for the Period

Loss for the six months ended 30 June 2010 amounted to HK\$7.90 million, representing an increase of HK\$2.65 million or 50% on that of HK\$5.25 million for the same period in 2009. Loss for the three months ended 30 June 2010 amounted to HK\$3.01 million, an increase of HK\$1.66 million on that of HK\$1.35 million for the same period in 2009. These were mainly attributable to the drop in gross profit contributions while general and administrative and other operating expenses were controlled at similar level as for the corresponding periods of 2009.

Loss per share for the six months ended 30 June 2010 was HK0.62 cents compared with HK0.42 cents for the same period in 2009. Loss per share for the three months ended 30 June 2010 was HK0.26 cents compared with HK0.11 cents for the same period in 2009 and HK0.38 cents for the first three months of 2010.

## Heavy Item Port

In June 2010, the Group successfully procured 25 mou of the 124 mou of land reserved for the development of the Heavy Item Port following the public auctioning process ( 招拍掛 ) and the signing of a formal land transfer agreement with the Wuhan Xinzhou District Bureau of Land and Resources ( 武漢新洲區國土資源管理局 ). The remainder of the land shall be put through the public auctioning process once relocation of existing residents is completed by government.

## FORWARD LOOKING OBSERVATIONS

The Group is pleased to see signs of recovery from the after effect of the world economic downturn which saw China experienced shrinking demand for exports and economic slowdown. Despite the uncertainty as to whether such recovery could be sustained in the foreseeable future, management is cautiously optimistic that the overall results of the Group in the second half of 2010 will show improvement.

## THE FINANCIAL STATEMENTS

### Half Year Results

The Directors are pleased to announce the unaudited consolidated half year results of the Group for the three months and six months ended 30 June 2010, together with the comparative figures for the corresponding period in 2009 (the "Half Year Results") which have been reviewed and approved by the Audit and Remuneration Committee, as follows:

#### Condensed Consolidated Statement of Comprehensive Income

*For the three months and six months ended 30 June 2010*

	Notes	Six months ended 30 June		Three months ended 30 June	
		2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)
Revenue	2	26,758	27,890	15,799	15,901
Cost of services rendered		(15,690)	(15,170)	(9,551)	(9,130)
Gross profit		11,068	12,720	6,248	6,771
Other income		458	264	114	170
Other operating expenses		(3,306)	(3,311)	(1,653)	(1,509)
General and administrative expenses		(9,667)	(8,903)	(4,457)	(3,847)
Finance costs		(6,449)	(6,018)	(3,257)	(2,934)
Loss before taxation	4	(7,896)	(5,248)	(3,005)	(1,349)
Taxation	5	—	—	—	—
Loss/Total comprehensive loss for the period		(7,896)	(5,248)	(3,005)	(1,349)
Loss/Total comprehensive loss for the period attributable to:					
Shareholders of the Company		(7,221)	(4,892)	(2,791)	(1,278)
Minority interests		(675)	(356)	(214)	(71)
		(7,896)	(5,248)	(3,005)	(1,349)
Dividend	6	—	—	—	—
Loss per share for the period attributable to shareholders of the Company — basic (HK cent)	7	0.62	Restated 0.42	0.26	Restated 0.11



**CIG Yangtze Ports PLC**  
Interim Report 2010

## Condensed Statement of Financial Position

As at 30 June 2010 and 31 December 2009

Note	<b>30 June 2010</b> <i>HK\$'000</i> <i>(Unaudited)</i>	31 December 2009 <i>HK\$'000</i> <i>(Audited)</i>
<b>NON-CURRENT ASSETS</b>		
	<b>280,769</b>	284,109
	<b>7,641</b>	8,538
	<b>8,428</b>	6,926
	<b>296,838</b>	299,573
<b>CURRENT ASSETS</b>		
	<b>958</b>	921
8	<b>16,908</b>	14,478
	<b>6,614</b>	4,656
	<b>3,994</b>	14,393
	<b>61,979</b>	26,644
	<b>90,453</b>	61,092
<b>CURRENT LIABILITIES</b>		
9	<b>9,521</b>	8,718
	<b>9,690</b>	28
	<b>19,211</b>	8,746
<b>NET CURRENT ASSETS</b>	<b>71,242</b>	52,346
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>368,080</b>	351,919
<b>NON-CURRENT LIABILITIES</b>		
	<b>(228,000)</b>	(204,060)
<b>NET ASSETS</b>	<b>140,080</b>	147,859
<b>EQUITY</b>		
10	<b>117,015</b>	117,015
	<b>8,051</b>	15,155
Equity attributable to shareholders of the Company	<b>125,066</b>	132,170
Minority interests	<b>15,014</b>	15,689
<b>TOTAL EQUITY</b>	<b>140,080</b>	147,859

**CIG Yangtze Ports PLC**  
Interim Report 2010

## Consolidated Statement of Changes in Equity

For the six months ended 30 June 2010

	Attributable to shareholders					Minority	Total equity	
	Share capital	Share premium	Share-based payment reserve	Foreign exchange reserve	Accumulated losses	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
At 1 January 2009	50,149	98,601	234	15,245	(57,536)	106,693	15,652	122,345
Total comprehensive loss for the period	—	—	—	—	(4,892)	(4,892)	(356)	(5,248)
At 30 June 2009	50,149	98,601	234	15,245	(62,428)	101,801	15,296	117,097
At 1 January 2010	117,015	63,018	386	15,268	(63,517)	132,170	15,689	147,859
Total comprehensive loss for the period	—	—	—	—	(7,221)	(7,221)	(675)	(7,896)
Share-based payment transactions	—	—	117	—	—	117	—	117
At 30 June 2010	117,015	63,018	503	15,268	(70,738)	125,066	15,014	140,080

## Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2010

	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash from operating activities	7,997	4,617
Net cash used in investing activities	(6,279)	(3,393)
Net cash from financing activities	33,617	2,931
Net increase in cash and cash equivalents	35,335	4,155
Cash and cash equivalents at 1 January	26,644	8,611
Cash and cash equivalents at 30 June	61,979	4,617

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2010

### 1. BASIS OF PREPARATION

The unaudited consolidated results of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”). The accounting policies adopted are consistent with those set out in the Group’s consolidated financial statements for the year ended 31 December 2009.

The Half Year Results are unaudited but have been reviewed by the Audit and Remuneration Committee of the Company.

### 2. REVENUE

Revenue represents the fair value of container handling, general and bulk cargo handling, agency and integrated logistics services rendered for the period.

Analysis of revenue is as follows:

	Six months ended 30 June		Three months ended 30 June	
	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Container handling service	12,947	13,709	6,900	7,468
General and bulk cargo handling service	722	1,823	312	872
Agency service	8,891	6,924	5,806	4,840
Integrated logistics services	4,198	5,434	2,781	2,721
	<b>26,758</b>	27,890	<b>15,799</b>	15,901

### 3. SEGMENTAL INFORMATION

All of the Group’s revenue and contribution to loss from operating activities were derived from its principal activities of port operations in the People’s Republic of China (the “PRC”). Hence, no segmental information is presented.

#### 4. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging the following:

	Six months ended 30 June		Three months ended 30 June	
	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Depreciation and amortisation	5,426	5,464	2,708	2,584

#### 5. TAXATION

In accordance with the relevant income tax laws applicable to Sino-foreign joint ventures in the PRC engaging in port and dock construction with year which exceeds 15 years, upon approval by the tax bureau, WIT is entitled to exemption from PRC enterprise income tax for five years (the "5-Year Exemption Entitlement") and a 50% reduction for five years thereafter (the "5-Year 50% Tax Reduction Entitlement"). The 5-Year Exemption Entitlement, which commenced on 1 January 2008, will end on 31 December 2012 irrespective of whether WIT is profit-making during this period and the 5-Year 50% Tax Reduction Entitlement will commence from 1 January 2013 to 31 December 2017 and tax payable will be charged at 12.5%.

No provision for Hong Kong Profits Tax has been made as the Company and its subsidiaries which are subject to Hong Kong Profits Tax incurred a loss for taxation purpose for the reporting period.

#### 6. DIVIDEND

The directors do not recommend payment of a dividend in respect of the first half of 2010 (2009: Nil).

#### 7. LOSS PER SHARE

The calculation of basic loss per share for the three months and six months ended 30 June 2010 is based on the net loss for each of the period attributable to shareholders of the Company and on the weighted average number of 1,170,146,564 shares (2009: 1,170,146,564 shares) in issue for the period respectively.

With the Group generated losses for the three months and six months ended 30 June 2010 and 30 June 2009, no diluted earnings per share has been presented as taking into account of the share options granted under the Share Option Scheme (being the only potential dilutive shares in issue) in the earnings per share calculation would result in decreasing the loss per share of the Company.



## 8. TRADE RECEIVABLES

The Group has a policy of allowing an average credit period of 60 days to 90 days to its customers.

An aging analysis of the account receivables at the balance sheet date, is as follows:

	<b>30 June 2010 HK\$'000</b>	31 December 2009 HK\$'000
Within 30 days	5,001	4,504
31–60 days	4,414	3,611
61–90 days	4,730	3,233
Over 90 days	2,763	3,130
	<b>16,908</b>	14,478

## 9. ACCRUED EXPENSES AND OTHER PAYABLES

	<b>30 June 2010 HK\$'000</b>	31 December 2009 HK\$'000
Payables to contractors and equipment suppliers	831	996
Accrued expenses and other payables	8,690	7,722
	<b>9,521</b>	8,718

**CIG Yangtze Ports PLC**  
Interim Report 2010

An aging analysis of accrued expenses and other payables as at the balance sheet date is as follows:

	<b>30 June 2010</b>	31 December 2009
	<b>HK\$'000</b>	<i>HK\$'000</i>
Within 30 days	<b>2,604</b>	3,248
31–60 days	<b>1,566</b>	1,325
61–90 days	<b>1,686</b>	1,194
91–180 days	<b>1,306</b>	154
Over 180 days	<b>2,359</b>	2,797
	<b>9,521</b>	8,718

Included in the over 180 days balance of HK\$2,359,000 is an amount of HK\$2,147,000 relating to retentions on the constructions of port and related facilities of WIT.

## 10. SHARE CAPITAL

	<b>30 June 2010</b>		31 December 2009	
	<i>No. of shares</i>	<i>HK\$'000</i>	<i>No. of shares</i>	<i>HK\$'000</i>
Authorised:				
Ordinary shares of HK\$0.10 each	<b>2,000,000,000</b>	<b>200,000</b>	2,000,000,000	200,000
Issued and fully paid:				
At beginning of year	<b>1,170,146,564</b>	<b>117,015</b>	501,491,386	50,149
Rights issue of shares	—	—	334,327,589	33,433
Bonus issue of shares	—	—	334,327,589	33,433
At balance sheet date	<b>1,170,146,564</b>	<b>117,015</b>	1,170,146,564	117,015

## DISCLOSURE OF INTERESTS

### DIRECTORS', CHIEF EXECUTIVES' INTERESTS IN SHARES AND SHORT POSITIONS IN THE SHARES OF THE COMPANY (THE "SHARE")

The interests or short positions of the Directors and chief executives of the Company in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or (b) to be entered into the register required to be kept therein, pursuant to section 352 of the SFO, or (c) to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules relating to securities transactions by directors of listed issuers, were as follows:

#### Long and short positions in Shares

Name of Director	Capacity	As at 30 June 2010	
		No. of Shares (Note 1)	Approximate percentage of total no. of Shares in issue
Chow Kwong Fai, Edward	Interest by attribution (note 2)	414,723,714 (L)	35.44%
		189,000,000 (S)	16.15%
Lee Jor Hung, Dannis	Interest by attribution (note 3)	11,725,127 (L)	1.00%

Notes:

- The letter "L" denotes a long position whilst the letter "S" denotes a short position.
- The 414,723,714 (L) Shares were held as to 278,678,455 Shares by Unbeatable Holdings Limited, as to 82,523,793 Shares by Chow Holdings Limited and as to 53,521,466 Shares by CIG China Holdings Limited, each being a company in respect of which Mr. Chow Kwong Fai, Edward is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of that company. The 189,000,000 (S) Shares were held as to 131,000,000 Shares by Unbeatable Holdings Limited, as to 46,000,000 Shares by Chow Holdings Limited and as to 12,000,000 Shares by CIG China Holdings Limited.

3. These Shares were registered in the name of Ramweath Company Limited, a company in respect of which Mr. Lee Jor Hung, Dannis is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of that company.

## Shares options

Pursuant to the share option scheme of the Company, certain directors were granted share options to subscribe for Shares and details of the Directors' interests in share options are set out in the section headed "Share Option Scheme" in this report.

Save as disclosed above, as at 30 June 2010, none of the Directors had any interest or short position in the Shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein or were required, pursuant to Part XV of the SFO, to be notified to the Company and the Stock Exchange.

## SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

So far as was known to the Directors, as at 30 June 2010, the persons (not being Directors or chief executives of the Company) whose interests in shares of the Company which were notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register to be kept under section 336 of the SFO, or who were interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any member of the Group were as follows:

### Long and short positions in Shares

#### (i) *Interests in the Shares*

Name of Shareholder	Capacity	Number of Shares	Approximate percentage of existing issued share capital of the Company
Unbeatable Holdings Limited (Note 2)	Beneficial owner	278,678,455 (L)	23.81%
		131,000,000 (S)	11.19%
Harbour Master Limited (Note 3)	Beneficial owner	246,164,427 (L)	21.03%
The Yangtze Ventures II Limited (Note 3)	Interest by attribution	246,164,427 (L)	21.03%
Goldcrest Development Limited (Note 4)	Interest by attribution	246,164,427 (L)	21.03%
Shui On Construction and Materials Limited (Note 5)	Interest by attribution	246,164,427 (L)	21.03%
Shui On Company Limited (Note 6)	Interest by attribution	246,164,427 (L)	21.03%



**CIG Yangtze Ports PLC**  
Interim Report 2010

Name of Shareholder	Capacity	Number of Shares	Approximate percentage of existing issued share capital of the Company
Bosrich Holdings Inc. <i>(Note 7)</i>	Interest by attribution	246,164,427 (L)	21.03%
HSBC International Trustee Limited <i>(Note 8)</i>	Interest by attribution	246,164,427 (L)	21.03%
Lo Hong Sui, Vincent <i>(Note 9)</i>	Interest by attribution	246,164,427 (L)	21.03%
Chu, Loletta <i>(Note 9)</i>	Interest by attribution	246,164,427 (L)	21.03%
Chow Holdings Limited <i>(Note 2)</i>	Beneficial owner	82,523,793 (L)	7.05%
		46,000,000 (S)	3.93%
Value Partners Asia Fund, LLC <i>(Note 10)</i>	Beneficial owner	69,114,159 (L)	5.90%
Value Partners Limited <i>(Note 10)</i>	Investment manager	68,306,691 (L)	5.83%
Value Partners Group Limited <i>(Note 11)</i>	Interest by attribution	68,306,691 (L)	5.83%
Cheah Capital Management Limited <i>(Note 12)</i>	Interest by attribution	68,306,691 (L)	5.83%
Cheah Company Limited <i>(Note 13)</i>	Interest by attribution	68,306,691 (L)	5.83%





**CIG Yangtze Ports PLC**  
Interim Report 2010

Name of Shareholder	Capacity	Number of Shares	Approximate percentage of existing issued share capital of the Company
Hang Seng Bank Trustee International Limited ( <i>Note 14</i> )	Interest by attribution	68,306,691 (L)	5.83%
Cheah Cheng Hye ( <i>Note 14</i> )	Interest by attribution	68,306,691 (L)	5.83%
To Hau Yin ( <i>Note 14</i> )	Interest by attribution	68,306,691 (L)	5.83%

*Notes:*

1. The letter "L" denotes a long position whilst the letter "S" denotes a short position.
2. Mr. Chow Kwong Fai, Edward is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of each of Unbeatable Holdings Limited, Chow Holdings Limited and CIG China Holdings Limited.
3. The Yangtze Ventures II Limited is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of Harbour Master Limited.
4. Goldcrest Development Limited is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of The Yangtze Ventures II Limited.
5. Shui On Construction and Materials Limited is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of Goldcrest Development Limited.
6. Shui On Company Limited is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of Shui On Construction and Materials Limited.
7. Bosrich Holdings Inc. is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of Shui On Company Limited.
8. HSBC International Trustee Limited is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of Bosrich Holdings Inc.

9. Mr. Lo Hong Sui, Vincent is interested in the shares of Bosrich Holdings Inc. held by HSBC International Trustee Limited. Ms. Chu, Loletta is interested in the Shares by virtue of her being the spouse of Mr. Lo.
10. Value Partners Limited is an investment manager and is deemed to be interested in the Shares held by Value Partners Asia Fund, LLC, Value Partners Hedge Master Fund Limited and Value Partners China Greenchip Fund Limited.
11. Value Partners Group Limited is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of Value Partners Limited.
12. Cheah Capital Management Limited is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of Value Partners Group Limited.
13. Cheah Company Limited is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of Cheah Capital Management Limited.
14. Hang Seng Bank Trustee International Limited, as trustee for a discretionary trust, the discretionary objects of which include Mr. Cheah Cheng Hye and certain members of his family, is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of Cheah Company Limited. For the purpose of the SFO, Mr. Cheah Cheng Hye and Ms. To Hau Yin are respectively interested in the Shares by virtue of Mr. Cheah being the founder of the trust and Ms. To being the spouse of Mr. Cheah.

## **DIRECTOR'S RIGHT TO ACQUIRE SHARES OR DEBENTURES**

Save as disclosed under the heading "Directors, Chief Executives Interests in Shares and Short Positions in the Shares of the Company" under the Section headed "Disclosure of Interests", during the six months ended 30 June 2010, none of the Directors was granted any other options to subscribe for the Shares.



CIG Yangtze Ports PLC  
Interim Report 2010

## SHARE OPTION SCHEME

Pursuant to the resolution passed by the shareholders of the Company on 2 September 2005, a share option scheme (the “Share Option Scheme”) which provided for, subject to certain terms and conditions, the granting of a maximum of 34,537,974 Shares, representing 10% of the total number of Shares in issue of 345,379,747 as of the Listing Date following the placement and public offer of Shares by the Company upon listing on GEM. Details of options granted under the Share Option Scheme and movements thereon during the period ended 30 June 2010 are set out below:

Name or category of eligible participants	Date of grant	Exercise Price per share HK\$	Number of options				As at 30.06.2010	Conditions and period during which option outstanding as at 30.6.2010 are exercisable
			As at 1.1.2010	Granted during the period	Exercised during the period	Lapsed or cancelled during the period		
<b>Directors</b>								
Mr. Chow Kwong Fai, Edward	10.11.2008	0.100	914,508	—	—	—	914,508	(a)
	13.04.2010	0.182	—	271,360	—	—	271,360	(a)
Wong Yuet Leung, Frankie	10.11.2008	0.100	914,508	—	—	—	914,508	(a)
	13.04.2010	0.182	—	271,360	—	—	271,360	(a)
Lee Jor Hung, Dannis	10.11.2008	0.100	914,508	—	—	—	914,508	(a)
	13.04.2010	0.182	—	271,360	—	—	271,360	(a)
Goh Pek Yang, Michael	10.11.2008	0.100	914,508	—	—	—	914,508	(a)
	13.04.2010	0.182	—	271,360	—	—	271,360	(a)
Lee Kang Bor, Thomas	10.11.2008	0.100	914,508	—	—	—	914,508	(a)
	13.04.2010	0.182	—	271,360	—	—	271,360	(a)
Wong Tin Yau, Kelvin	10.11.2008	0.100	914,508	—	—	—	914,508	(a)
	13.04.2010	0.182	—	271,360	—	—	271,360	(a)
Fan Chun Wah, Andrew	16.11.2009	0.177	914,508	—	—	—	914,508	(b)
	13.04.2010	0.182	—	271,360	—	—	271,360	(b)
Sub-total			6,401,556	1,899,520	—	—	8,301,076	
<b>Employees</b>								
(in aggregate)	10.11.2008	0.100	11,990,216	—	—	—	11,990,216	(a)
	13.04.2010	0.182	—	3,557,839	—	—	3,557,839	(a)
Sub-total			11,990,216	3,557,839	—	—	15,548,055	
<b>Total</b>			18,391,772	5,457,359	—	—	23,849,131	

Notes:

- (a) The right to exercise the options is conditional upon the option holder is an employee of the Group or a director or an alternate director of any company within the Group on the date of exercise of the options. Subject to the afore-mentioned condition, for the options granted on 10 April 2008, no more than 50% of the options may be exercised between 10 April 2010 and 9 April 2011, both dates inclusive and that all options shall lapse on 11 November 2011 and for the options granted on 13 April 2010, no more than 50% of the options may be exercised between 13 April 2010 and 9 April 2011, both dates inclusive and that all options shall lapse on 11 November 2011.

The exercise price of the options granted on 10 November 2008, which was initially set at HK\$0.13 per share, was subsequently adjusted to HK\$0.064 per share in August 2009 and further adjusted to HK\$0.10 per share in April 2010, details of which are set out in the reports of the Company dated 7 August 2009 and 20 April 2010.

- (b) The right to exercise the options is conditional upon the option holder is an employee of the Group or a director or an alternate director of any company within the Group on the date of exercise of the options. No options may be exercised between the respective grant dates of the options and 16 April 2011, both dates inclusive. Subject to the afore-mentioned condition, no more than 50% of the options may be exercised between 17 April 2011 and 16 April 2012, both dates inclusive and that all options shall lapse on 16 November 2012.

## FINANCIAL POSITION

As at 30 June 2010, the Group had total outstanding bank borrowings of HK\$237.7 million (RMB208.5 million) (as at 31 December 2009: HK\$204.1 million) against total facilities available of HK\$237.7 million (RMB208.5 million) (as at 31 December 2009: HK\$228 million (RMB200 million)) granted by a PRC bank to the Group.

Except for the bank borrowings disclosed above, as at 30 June 2010, the Group did not have any other committed borrowing facilities.

As at 30 June 2010, the Group had cash and cash equivalents of HK\$62.0 million (31 December 2009: HK\$26.6 million).

## EXCHANGE RATE RISKS

The Group's reporting currency is the Hong Kong dollar. The Group's exposure to foreign currency exchange rates relate primarily to the Group's operation in Wuhan which is conducted in Renminbi.

For the six months ended 30 June 2010, the Group generated revenue solely in Renminbi, its loans are in Renminbi and incurred costs mainly in Renminbi and Hong Kong dollars. The Directors consider that the impact on foreign exchange exposure of the Group to be minimal.

## **GEARING RATIO**

As at 30 June 2010, the Group had a gearing ratio of approximately 1.9 times (As at 31 December 2009: 1.5 times). The calculation of the gearing ratio was based on total bank borrowings over total equity attributable to shareholders' of the Company as at 30 June 2010 and 31 December 2009 respectively.

## **EMPLOYEE INFORMATION**

As at 30 June 2010, the Group had 225 (as at 31 December 2009: 223) employees. The Group participates in retirement insurance, medicare, unemployment insurance and housing funds according to the applicable laws and regulations of the PRC for its employees in the PRC and makes contributions to the Mandatory Provident Fund Scheme of Hong Kong for its employees in Hong Kong. The Group remunerates its employees in accordance with their work performance and experience.

## **SIGNIFICANT INVESTMENTS**

Save as those disclosed elsewhere in this report and the Annual Report 2009 of the Company, the Group did not hold any significant investment as at 30 June 2010.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES**

Save as those disclosed elsewhere in this report, the Group did not make any material acquisitions or disposals of subsidiaries or affiliated companies during six months ended 30 June 2010.

## **CONTINGENT LIABILITIES**

As of the date of this report and as at 30 June 2010, the Board is not aware of any material contingent liabilities.

## **PLEDGE OF ASSETS**

The Group has pledged certain port facilities, land use rights and bank deposits with an aggregate net book value of approximately HK\$257.8 million (2009: HK\$261.5 million), HK\$8.4 million (2009: HK\$8.5 million) and HK\$12.5 million (2009: Nil) respectively to secure bank loans granted to the Group.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

Save as disclosed elsewhere in this report, the Group does not plan to have any other material investments or acquisition of material capital assets.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

For the period from 1 January 2010 to 30 June 2010, the Company had adopted a code of conduct regarding securities transactions by directors (“Code of Conduct”) on terms no less stringent than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (“Required Standard of Dealings”). The Company has also made specific enquiry of all Directors and is not aware of any non-compliance with the Required Standard of Dealings and the Code of Conduct.

## **COMPETING INTERESTS**

During the six months ended and as at 30 June 2010, save as disclosed in the 2006 half year results announcement of the Company and an announcement of the Company to its shareholders dated 7 June 2006 in relation to Mr. Chow Kwong Fai, Edward’s interest in the Logistics Project, none of the Directors, the management shareholders, the significant shareholders or the substantial shareholders as defined in the GEM Listing Rules of the Company had any interest in a business which competes or may compete with the business of the Group.

## **COMPLIANCE WITH THE BOARD PRACTICES AND PROCEDURES OF THE GEM LISTING RULES**

The Company has complied with the board practices and procedures as set out in Rules 5.34 to 5.45 of the GEM Listing Rules at any time during the period from 1 January 2010 to 30 June 2010.



## **CORPORATE GOVERNANCE PRACTICES**

The Company endeavours to adopt prevailing best corporate governance practices.

As at the date of this report, with the exception of Mr. Chow Kwong Fai, Edward who acted as both the Chairman of the Board and the Chief Executive Officer of the Company, the Company has complied with the Code of Corporate Governance Practice contained in Appendix 15 of GEM Listing Rules in all other respects throughout the six months ended 30 June 2010.

While the Board is aware that it is a recommended best practice to split the role of the Chairman and the Chief Executive, in view of the small size of the Group and the fact that the Group's core business is straight forward and is carried out singularly by its subsidiary, WIT, and the fact that the role of the general manager (de facto chief executive) of WIT is carried out and performed by another person, the Board does not see a need to appoint a person other than the Chairman as Chief Executive at the Company level or at the Group level.

## **AUDIT AND REMUNERATION COMMITTEE**

The Company has established an audit and remuneration committee (the "Audit and Remuneration Committee") with written terms of reference modeled on the Guide to the Establishment of an Audit Committee published by the Hong Kong Society of Accountants (now known as the Hong Kong Institute of Certified Public Accountants) and in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules. During the six months ended 30 June 2010, the Audit and Remuneration Committee comprised three independent non-executive Directors, namely Mr. Lee Kang Bor, Thomas (Chairman), Dr. Wong Tin Yau, Kelvin and Mr. Fan Chun Wah, Andrew and one non-executive Director, Mr. Wong Yuet Leung, Frankie. The primary duties of the Audit and Remuneration Committee include reviewing the financial reporting process, the system of internal control and risk management of the Group, the appointment of auditors and the determination of executive Director's service contract, the review of Directors' and senior management's emoluments and the award of discretionary bonuses and share options of the Company.

The Audit and Remuneration Committee has reviewed the results of the Group for the six months ended 30 June 2010.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES**

For the period from 1 January 2010 to 30 June 2010, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.

By order of the Board  
**CIG Yangtze Ports PLC**  
**Edward K. F. Chow**  
*Chairman*

Hong Kong, 12 August 2010

*As at the date of this report, the Board comprises an executive director namely Mr. Chow Kwong Fai, Edward; three non-executive directors namely Mr. Wong Yuet Leung, Frankie, Mr. Lee Jor Hung, Dennis and Mr. Goh Pek Yang, Michael and three independent non-executive directors namely Mr. Lee Kang Bor, Thomas, Dr. Wong Tin Yau, Kelvin and Mr. Fan Chun Wah, Andrew.*